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COMMUNICATIONS.

BELGIUM'S GOVERNMENT INSURANCE BANK.

Like the savings bank, the insurance bank looks beyond the direct good to be accomplished in enabling the poor to provide against future misfortune, to the indirect and larger good of inculcating habits of thrift and frugality among the classes which suffer most from the lack of these qualities.

Belgium, in addition to the general savings and pension bank established under the guarantee of the state by the law of March 16, 1865, has created an insurance bank, annexed to the pension bank and also under the guarantee of the state. The rates and conditions of insurance are set forth in the royal decree of June 16, 1896. The bank insures for life principals to an amount not exceeding 5,000 francs for one person. Its business may therefore be compared with industrial insurance in the United States, as in this country ordinarily only industrial insurance companies write less than $1,000 on a single life. Industrial premiums in this country may be paid weekly, but the premiums to the Belgium bank are paid yearly, or may be paid all at once. It may be stipulated that the principal will, at the falling due of the contract, be deposited in the Belgium pension bank, and employed in the acquisition of securities to the profit of the beneficiary or beneficiaries.

The insurance department is managed by the council of administration of the bank, of which the director-general is the executive head. The general conditions of these insurances are fixed by the general council of the savings and pension bank, subject to royal sanction. The approved regulations require a signed declaration and a medical certificate as the basis of the insurance, and these form an *integral part* of the contract. False declarations, even when made in good faith, which modify the character of the risk, are cause for annulling the contract without notice to the insured. The contract may be annulled for other causes also, notably in the case of suicide or of death resulting from habitual excesses of drink. In such cases the premiums, less 3 per cent, are repaid.

Proof of death must be made within three months. In case of death by war or by a riot, the bank reimburses the redemption value of the capital insured increased by one-twentieth of the difference between the capital invested and the redemption value. Should the taker of insurance prove incapable of earning his living, a declaration and a doctor's certificate secure the repayment of the redemption

value of the policy. In case of non-payment of a premium, the policy is replaced by a paid-up policy for a reduced capital depending on the number of premiums already paid. The policy may be revived within five months of the date of lapse upon renewed application, payment of premiums in arrears, with interest at 3 per cent per annum, and satisfactory medical evidence of insurability. The bank may take in the members of recognized mutual aid societies upon special conditions. Dividends or a distribution of surplus may take place at the discretion of the council of administration every five years.

The tariffs are based on 3 per cent as the rate of interest, 3 per cent as the expense of administration or registration, and on the chances of mortality calculated by M. Quetelet, director of the Royal Observatory of Brussels. The expenses of medical examination are paid not by the bank, but by the taker of insurance.

The minimum premium contracted for, either annual or single, is 10 francs ($2) paid in advance. The industrial companies of America contract for weekly premiums as low as five cents ($2.60 per annum). A remarkable difference is found in the relative methods of determining premiums and benefits or principals insured. The Belgium insurance bank charges a fixed premium, the same for all ages and kinds of policies, making the capital insured vary according to the mortality and the time of investment. In America the premium varies while the amount of the policy is fixed for all ages and contracts. The endowment feature, common to old line policies, and recognized in child's endowment industrial policies, is embodied in mixed insurance by the Belgium government. The insured capital is payable at the end of the contract or at the end of the insurance year in which the death of the insured takes place, if the latter dies before the expiration of the contract.

A comparison of the rates for the maximum bank policy ($1000) in Belgium and for the minimum ordinary policy ($1000) in the United States is interesting: At age 52 next birthday on a three per cent basis and American mortality, the annual premium in the New York Life Insurance Company on an endowment maturing in 10 years or at previous death is $116.10 per $1000 of insurance. Belgium's insurance bank offers $1000 on the same conditions for $100. All the other rates under Tariff I are relatively as cheap. At age 25, the premium of a thirty-year premium life policy in the New York Life is $25.64 per $1000. Tariff II of the insurance bank offers similar protection at the rate of $22.84 for $1000 ($2 per $87.44). At age 40 a single-premium life policy in the New York Life costs $496.41 per $1000. The Belgium rate is exactly $500 per $1000. So that the cheapness of the insurance

offered by the government results from the economy of administration rather than from a lower death-rate. The poor have better protection under the honest administration of the bank than under a private corporation conducted according to competitive principles as practiced in the United States.

Industrial insurance has gone far toward supplying the need of more stimulus to the savings habit. It is based on the inherent trait of Anglo-Saxon peoples to provide a respectful burial of their dead. The earlier forms of association, such as gilds, fraternities or secret orders, and trades' unions have failed lamentably to guarantee a proper financial return to the insured. Mr. Peacock, of Zanesville, Ohio, seems to have made the first attempt to adapt life insurance to the industrial classes in the United States.[1] The idea is to give the masses as well as the classes a present means of obtaining a certain advantage over an uncertain event. The fact that pauper burials have steadily decreased from the rate of 210 per 100,000 in 1880–84 to the rate of 156 per 100,000 in the period from 1895–99 shows a result which may be largely due to the increased savings creditable to the industrial companies. The evidence of a robust struggle on the part of millions of the working people to attain economic independence has turned public opinion in favor of even child insurance.

It might be economically advantageous to have an insurance bank guaranteed by the United States. The cost of industrial insurance is the great objection to private control. The mortality is higher than in ordinary life risks because of less careful physical and moral investigation. Not only the number of bad risks, but also the commissions for underwriting and collecting are greater. Government ownership would be a practical monopoly and avoid the expenses of competitive solicitation of insurance and the collection of the premiums from the homes of the insured. Stamps might be used to pay the premiums at the post-office. But the movement for industrial insurance in this country seems destined to develop along natural lines rather than by legislation creating a government insurance bank.

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FRANCHISE LEGISLATION IN MISSOURI.

Among the laws passed by the Legislature of Missouri at its recent session was one providing that corporations doing business within the state should be subject to a tax upon the special privileges or franchises which they possess. The subject of franchise legislation was made very prominent by both parties in the campaign of 1900. The

[1] *Vide*, Insurance Times, 1868, p. 232.